



Central Vermont Public Service Corporation

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TO: Vermont Electric Power Company
CC: Vermont System Planning Committee Participants
FROM: CVPS Engineering
RE: Comments on Draft VELCO 2009 Vermont Transmission Long Range Analysis Overview
DATE: February 20, 2009

Central Vermont Public Service Corporation (“Central Vermont,” “CVPS” or the “Company”) submits these comments on the draft VELCO 2009 Vermont Transmission Long Range Analysis Overview (the “Draft Overview”) for consideration by VELCO and the Vermont System Planning Committee (the “VSPC”). Comments are organized by Draft Overview section with page reference.

Central Vermont supports VELCO’s efforts to develop a consumer-friendly summary of the 2009 Vermont Transmission System 20-Year Reliability Analysis. The reliability analysis is highly technical and the Draft Overview provides a very readable summary that attempts to distill the many elements of the Plan so that it can be better understood by members of the public and stakeholders. Toward that end, the Company’s comments are designed to help improve the Draft Overview and address concerns identified in the review of the underlying reliability analysis.

1. Identification of Transmission-related Infrastructure Reinforcements “Projects”. At page 1, and throughout, the Draft Overview discusses transmission-related infrastructure reinforcements “projects” as a way to remedy reliability deficiencies affecting Vermont’s bulk transmission system. While Central Vermont understands that under the Docket No. 7081 planning rubric, for each bulk system reliability deficiency VELCO must identify the likely transmission solution, the use of the term “project” suggests that these potential solutions may be more certain there by risking the perception that VELCO and the distribution utilities will not rigorously consider the potential for non-transmission alternatives (“NTAs”) to play a role, in whole or part, in the resolution of the underlying system problems. Since one of the purposes of the Docket No. 7081 planning process is to assure that utilities, including VELCO, consider the potential for NTAs to be utilized as a part of the solution, and since this is discussed in other parts of the Draft Overview, CVPS recommends that the introduction and use of the term “projects” be reconsidered to assure that the draft does not inaccurately create a perception that there is a bias towards transmission solutions in the VSPC planning process. Perhaps it would be more

accurate to identify these matters as reliability deficiencies or issues in need of final solutions instead of “projects” as used currently in the draft.

2. Discussion of Subtransmission Alleged Criteria Violations in Overview Document. At page 2, the Draft Overview discusses “potential subtransmission criteria violations” alleged to exist even assuming proposed transmission projects move forward. As Central Vermont explained in its comments of February 13, 2008 on VELCO’s 2009 Vermont Transmission System 20-Year Reliability Analysis, VSPC Comment Draft, dated December 22, 2009 (the “Plan”), any determination as to whether a subtransmission system is subject to a reliability deficiency must be made by the affected utilities based on the applicable subsystem design or operating criteria. And as the Company’s comments further explain, VELCO did not use Central Vermont’s design or operating criteria when conducting its analysis. For these reasons, CVPS recommends that the discussion of subtransmission system issues be removed or redrafted to explain to the public that VELCO and the distribution utilities are coordinating their planning efforts but not to declare that there exist subsystem problems based on the application of VELCO’s bulk transmission system study criteria (*e.g.*, N-1-1).
3. Industry Dynamics. At page 6 the Draft Overview describes the “industry dynamics” that create a larger context through which Vermont transmission issues must be considered. While CVPS agrees that it is important to recognize that bulk transmission systems are regional in nature, the Company believes that this section should be refined to better explain how industry dynamics affect Vermont decisions. For example, Vermont currently has a SPEED program and not a mandatory RPS requirement. Vermont customers are served by vertically integrated utilities and not competitive load-serving entities. Vermont has an Energy Efficiency Utility (“EEU”), unlike other New England states. The current Vermont supply mix results in very low greenhouse gas emission compared with other New England jurisdictions. Tailoring this section to Vermont would help to avoid the common misperception that the Long-Range transmission plans serves the interests of New England at the expense of Vermont – a criticism often leveled in uninformed debates about the bulk system.
4. Power Supply Planning Recommendation. At page 9 the Draft Overview makes a recommendation for future power supply planning by stating:

Several types of investments working together are the key to meeting New England’s electric needs. They include:

- reducing peak electric demand using energy conservation and demand response programs,
- increasing the use of renewable energy sources,
- investing in conventional sources such as gas-fired generation, and

- enhancing the transmission system to ensure the reliability and integrity of the power system as well as strengthening the ability to deliver renewable power, such as wind generation, and the ability to import renewable and other power generated outside the region from Canada and elsewhere.

How is this discussion relevant to the overview of the Transmission Plan? Distribution Utilities (“DUs”) are responsible for developing their supply portfolios and, as a transmission company, VELCO does not engage in power supply planning. Perhaps this section should be omitted or at least explain the role of the DUs in determining specific power supply plans for their customers.

5. Role of Vermont’s Energy Efficiency Utilities. Also on page 9 the Draft Overview provides that “Utilities are responsible for educating customers about and implementing energy-efficiency and demand-side management programs that are cost-effective for customers.” In Vermont this function is generally fulfilled by the Energy Efficiency Utilities (*i.e.*, Efficiency Vermont and BED). CVPS therefore recommends that this statement be corrected to avoid confusion and properly reflect the role of the EEU in the provision of efficiency services.
6. Renewable Energy Resources. At page 10 the Draft Overview describes the role of renewable energy resources in supply planning and focuses on RPS requirements. Central Vermont believes that this discussion may be applicable to regions other than Vermont but does not present the Vermont situation. For example, the portfolio that serves Vermont consumers is one of the most renewable based portfolios when considered either regionally or nationally. Vermont has developed substantial in-state renewable resources and projects are on the drawing board. Vermont has a plethora of initiatives designed to promote renewable generation using means other than an RPS. CVPS strongly suggests that this section be redrafted to reflect the Vermont situation rather than presenting a regional focus where renewable resources do not play, and have not played, as significant a part of the supply portfolio.
7. Conventional Generation. At page 11 the Draft Overview describes the role of conventional generation in serving customer loads. Again the draft focuses on the region and not on Vermont. While it may be true that 39% of the region’s needs are served with natural gas fired generation, Vermont does not have gas available throughout much of the state and its use in electrical generation is limited. CVPS believes that this section should be redrafted to focus on the Vermont supply resource mix to avoid creating confusion in the minds of Vermont consumers about the sources of the supplies used to serve their power demands.
8. Identifying Subtransmission Deficiencies. At page 24 the Draft Overview describes changes in the planning process brought about under the Docket No. 7081. This discussion includes the following statement:

Identifying subtransmission system deficiencies. Potential inadequacies in Vermont's 35,000 to 70,000 volt systems are to be identified, but solutions to subtransmission deficiencies will be the responsibility of a DU and therefore the transmission solutions are not proposed in the analysis.

As discussed above, CVPS believes it is inappropriate to identify the analysis conducted by VELCO as work which identifies subtransmission system "deficiencies". Rather this analysis applies VELCO study criteria and identifies areas where subsystems may not meet stricter bulk system criteria. Only affected utilities applying applicable subsystem design or operating criteria can determine whether an issue identified by VELCO is a "reliability deficiency". This section of the draft should be corrected to conform to the planning structure called for under the Docket No. 7081 MOU.

9. Reliability Deficiencies and Solutions. At page 30 the Draft Overview contains a list of "reliability deficiencies". This list is based on the Draft Plan. CVPS has previously provided extensive comments on the identification and classification of the Company's subsystem facilities as constituting "reliability deficiencies." Rather than reiterating these concerns here, the Company urges that this table be revised to reflect the comments already offered by the Company on February 13th.

To further help improve this Section, CVPS offers the following suggestions:

- Rename Section 6 "Reliability Issues and Solutions"
- Revise the introduction to state:

Figure 6-1 summarizes potential ~~the~~ transmission reliability issues identified as part of the 2009 planning process. These areas represent locations that may require future transmission related upgrades or alternatives such as local generation or energy efficiency to meet the reliability standards. The following table provides a brief description of each issue based on the VELCO's application of the bulk system N-1-1 study criteria ~~deficiency~~.

- Label the Table "Reliability Issue Number" not "Deficiency Number", and "Reliability Issues" not "Deficiency Causes"
- Expand the explanation for item 9
- Clarify the Name for item 17
- While the Draft Overview states:

The reliability of the subtransmission system can be positively impacted by reinforcements made on the transmission system; therefore, many of the

subtransmission issues will be resolved when transmission solutions are implemented.

It is also the case that opportunities can exist for lesser cost subtransmission solutions to address bulk transmission concerns. As such, CVPS recommends that this also be reflected in the Draft Overview.

- Delete the phrase: “although the Vermont subtransmission system is designated as transmission with regards to FERC”

10. Non-Transmission Alternatives. At page 36 the Draft Overview describes the process for considering the role of NTAs in the resolution of reliability deficiencies. This is a major element of the Docket No. 7081 planning rubric and should be more fully developed in the Draft Overview. CVPS also notes that the text provides:

Examples of where non-transmission alternatives are not technically feasible are where deficiencies are caused primarily by power flowing for the New England region or other states such as proposed projects 8, 9, and 10, or it is not practical to use an alternatives to achieve the required high level of demand reduction, such as in projects 3A, 4, 5, and 6.

Central Vermont believes that a part of this statement is inaccurate and should be omitted. Specifically, CVPS notes that projects 3A, 4, 5 and 6 impact subtransmission loads. As such, these areas may be candidates for the use of NTAs as the subsystems are not subject to the stricter bulk system reliability criteria. Moreover, where NTA screening is presented affecting CVPS customer’ loads, the use of projected 2009 loads may be a problem due to the Company’s concerns with the VELCO forecast. As a consequence of these concerns, there may well be more time and opportunity for NTAs to be effective in helping to resolve these reliability issues than would otherwise be suggested and the referenced section should be corrected.

Central Vermont appreciates the opportunity to provide comments on the Draft Overview. Should you have questions regarding these comments, please contact CVPS Engineering. Thank you for your attention to this matter.